



COMMONWEALTH of VIRGINIA

Office of the Attorney General

Robert F. McDonnell
Attorney General

February 4, 2008

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VIA ELECTRONIC FILING

Joel E. Peck, Clerk
State Corporation Commission
Document Control Center
1300 E. Main Street, 1st Floor
Richmond, VA 23219

**RE: Renewable Energy Portfolio Standard Program Rulemaking
Case No. PUE-2007-00107**

Dear Mr. Peck:

Please find enclosed for electronic filing in the above-referenced matter the Comments of the Office of the Attorney General, Division of Consumer Counsel. Pursuant to the Commission's Order Establishing Proceeding issued December 3, 2007, Consumer Counsel will also transmit an electronic copy of these comments to econfin@scc.virginia.gov.

Thank you for your assistance in this matter.

Yours truly,

A handwritten signature in black ink, appearing to read "Mathias Roussy".

D. Mathias Roussy, Jr.
Assistant Attorney General
Insurance and Utilities Regulatory Section

Enclosure

cc: Certificate of Service

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

COMMONWEALTH OF VIRGINIA

At the relation of the

CASE NO. PUE-2007-00107

STATE CORPORATION COMMISSION

**Ex Parte: In the matter of establishing rules
and regulations to implement the sale of electricity
from renewable sources through a renewable energy
portfolio standard program pursuant to § 56-585.2
of the Code of Virginia**

**COMMENTS OF THE
DIVISION OF CONSUMER COUNSEL,
OFFICE OF THE ATTORNEY GENERAL,
ON RENEWABLE ENERGY PORTFOLIO
STANDARD PROGRAM RULEMAKING**

Pursuant to the State Corporation Commission's ("Commission") December 3, 2007 Order Establishing Proceeding, the Division of Consumer Counsel, Office of the Attorney General ("Consumer Counsel"), hereby submits these comments on certain issues identified in the Commission's Order.

(4) Should a tracking system be required to ensure that renewable resources certificates are appropriately and accurately credited to renewable resource facilities?

Yes. An accurate accounting of renewable certificates is critical to ensuring that the benefits contemplated by Virginia Code § 56-585.2 are, in fact, delivered to Virginia customers who will be paying for this program.

If so, how should such a tracking system be designed and what entity should maintain the tracking system?

Before deciding *how* to design a tracking system to implement aspects of Virginia Code § 56-585.2, the Commission should consider whether or not PJM's Generation Attribute Tracking System ("GATS") can ensure accurate tracking of renewable certificates. Virginia customers already pay retail rates that fund, in part, the membership in PJM of most electric utilities providing transmission service in the Commonwealth. Thus, if GATS can ensure the accurate tracking necessitated by Virginia Code § 56-585.2, it may offer the most cost-effective option.

(7) Virginia Code Section 56-585.2 E states in part:

All incremental costs of the RPS program shall be allocated to and recovered from the utility's customer classes based on the demand created by the class and within the class based on energy used by the individual customer in the case, except that the incremental costs of the RPS program shall not be allocated to or recovered from customers that are served within the large industrial rate classes of the participating utilities and that are served at primary or transmission voltage.

How shall the Commission determine which customer classes and subclasses should be construed to fall within the "large industrial rate classes of participating utilities" that are not to be allocated incremental costs of the RPS program, given that such a customer may be served at transmission or primary voltage?

To the extent the provision exempting certain rate classes from paying any costs associated with the RPS programs is ambiguous, the Commission should consider exemption of only those industrial classes or subclasses that have within them customers that can demonstrate their production and consumption of renewable electricity. Such an interpretation would be consistent with the intent of ensuring that Virginia manufacturers already producing and consuming renewable electricity do not pay to accomplish

Virginia's renewable portfolio standards while ensuring that the costs associated with RPS are spread across a broad spectrum of ratepayers and resulting rate increases are not unreasonably borne by any particular customer class.

Respectfully submitted,

DIVISION OF CONSUMER COUNSEL
OFFICE OF THE ATTORNEY GENERAL

A handwritten signature in dark ink, appearing to read "Mathias Roussy", is written over a horizontal line. The signature is stylized with a large, sweeping initial 'M' and a trailing flourish.

Robert F. McDonnell
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Maureen Riley Matsen
Deputy Attorney General

C. Meade Browder, Jr.
Senior Assistant Attorney General

D. Mathias Roussy, Jr.
Assistant Attorney General

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February 4, 2008

CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing was, this 4th day of February, 2008, served by first-class mail, postage prepaid, to Appendix A and:

Don R. Mueller, Esquire
Office of General Counsel
State Corporation Commission
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A handwritten signature in black ink, appearing to read "Mark Rousby", is written over a horizontal line.

APPENDIX A

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